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TOWN OF JEROME, ARIZONA

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MINUTES

SPECIAL MEETING OF THE JEROME TOWN COUNCIL **JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS** **THURSDAY, JUNE 5, 2014 AT 2:00 P.M.**

ITEM #1:	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll. <i>Mayor Check called the meeting to order at 2:06 p.m.</i> <i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Nikki Check, Vice Mayor Lew Currier and Councilmember Anne Bassett. Councilmember Bill Phinney arrived at 2:10 p.m. Councilmember Randall Hunt had an excused absence.</i> <i>Other staff in attendance at roll call included Fire Chief Rusty Blair, Police Chief Allen Muma, Head Librarian Kathleen Jarvis, Finance Director Rebecca Cretti and Deputy Town Clerk Rosemarie Shemaitis.</i> Motion: Mayor Check made a motion to take the items out of order and address item #4, then #3 and then #2. It was seconded by Vice Mayor Currier and approved by all with 3 ayes, 0 nays and 0 abstentions.
ITEM #4:	SPECIAL EVENT LIQUOR LICENSE Council will review and may approve a Special Event Liquor License for the Jerome Historical Society (JHS) for a fundraising event to take place at Spook Hall on June 13 and 14, 2014. Motion: Councilmember Bassett made a motion to approve the special event liquor license for the Jerome Historical Society. It was seconded by Vice Mayor Currier. <i>Jay Kinsella, representing the Jerome Historical Society, explained that they want to run an over-21 beer bar. The beer is being donated and the JHS will receive 25% of all the proceeds.</i> <i>Mayor Check called the question and it was approved by all with 3 ayes, 0 nays and 0 abstentions.</i>
ITEM #3:	RENTAL SPACE IN COMMERCIAL DISTRICT Council will discuss the rental space vacated recently by Knit 1 Bead 2, and may determine how to proceed with advertising and re-rental of the space. Discussion will include review of the rental rate. <i>Ms. Gallagher presented and reviewed a memo regarding rental of the space at 301 Main Street, and recommended that the space be advertised with a set rental price to be determined by Council, for a lease to begin no later than July 15. She noted that</i>

	<p>the budget we are working with for 2014-15 anticipates that the space would be rented as of July 1; however, a rental rate of \$2,150 per month (which would represent an approximate 5% increase above the prior rental rate, and is equivalent to about \$2.05 per square foot) would bring in the same revenue over 11½ months.</p> <p>Ms. Gallagher had discussed this with the Town Attorney, who recommended that the award be made based on a set of weighted objective criteria, which could include preference given to local businesspeople, established businesses, unique business, and businesses that would reflect the historic, artistic and creative aspects of Jerome. She asked Council how they would like to proceed.</p> <p>Discussion ensued regarding the criteria to be used. It was decided that "unique," as a criteria, was too subjective, and would not be used. It was also determined that "local" should refer to the Verde Valley. The importance of a sound business plan was also discussed.</p> <p>After discussion, it was generally agreed that the space would be advertised at \$2,150/month for a lease to begin July 15, and that applications would be reviewed and awarded based on the following weighted criteria:</p> <ul style="list-style-type: none"> • Preference given to local businesspeople – 20% • Preference given to businesses that would not adversely impact the space – 30% • Preference given to businesses that will reflect the historic, artistic and creative aspects of Jerome – 30% • Preference given to sound businesses – 20%. <p>It was also agreed that no significant change in the footprint of the space would be permitted.</p> <p>Motion: Mayor Check made a motion to this effect. It was seconded by Councilmember Phinney and approved by all with 4 ayes, 0 nays and 0 abstentions.</p> <p>Ms. Gallagher said that this would come back to Council once applications have been received.</p>
<p>ITEM #2: 2:45 pm</p>	<p>2014-15 BUDGET</p> <p>The Mayor and Council will continue their work on the 2014-15 municipal budget. Work will take place in roundtable format. Discussion will focus on the police and fire budgets; however, the library and other portions of the budget may also be discussed.</p> <p>Councilmember Hunt had previously requested that Kathleen Jarvis be present at this meeting to answer certain questions. Because Mr. Hunt was not in attendance, Ms. Jarvis was excused and left at this time.</p> <p>Highlights of the budget discussion follow, not necessarily in chronological order.</p> <p>Police Department</p> <ul style="list-style-type: none"> • Chief Muma said that the police department budget did not change much from last year. All of their equipment is okay for now, he said, but they may need a new vehicle in the following year. Ms. Gallagher asked about the police car recently received from Clarkdale [as part of the agreement where an easement was granted by Jerome for their water line near our cemetery]. Chief Muma replied that it has 88,000 miles on it and it had been sitting for a while. It has a canine cage, he said, and will be useful as a backup vehicle.

- Currently the police department has four full-time officers, two part-time officers and one aide, who assists with paperwork. Chief Muma stated that our small department writes a higher volume of tickets than do Clarkdale and Dewey-Humboldt, and writes more tickets per capita than other municipalities. He added that there is no need to schedule additional hours for our officers, as we can respond 24/7.
- Vice Mayor Currier asked if the wineries impact the police department. Chief Muma replied that they do, as does Art Walk. Mayor Check opined that the wine tasting businesses would have a minimal impact compared to Art Walk, where wine is offered for free.
- It was noted that insurance for our police cars is reflected in the General Government budget. Chief Muma said that the cost is approximately \$300 per vehicle per year.
- Vice Mayor Currier and Councilmember Phinney agreed that the police budget was okay as drafted. Councilmember Bassett conveyed a citizen's opinion that, given the impacts to our library budget, we should reduce the police department by one full-time person.

Fire Department

- Chief Blair said that the fire department budget needs to increase its budget line for training expenses, as we have new recruits. He noted that new recruits must sign a two-year obligation with the Jerome Volunteer Fire Department.
- Chief Blair said that he would like to hire an equipment officer who would work 22 hours per week at a rate of \$16 per hour. The person would also provide backup for the Chief.
 - The proper title for the new position was discussed. Chief Blair said that "Deputy Chief" would be more appropriate than "Assistant Chief."
 - The selection would be made by a committee. Vice Mayor Currier remarked that Council should weigh in on that decision.
- The issue of per call pay for the Chief was discussed. He said that he has received between \$2,500 and \$3,000 per year in per call stipends for the last few years. It was generally agreed that per call pay for the Chief would be discontinued as of July 1 and that his salary would be increased accordingly.

Other Items/Fund Balance

Ms. Gallagher provided a list of requests and projects that have not yet been funded in the draft budget and asked Council which projects they would like to include and how they would like to fund them. She noted that funding options would include anticipating additional sources of revenue, increasing existing revenues, reducing budgeted expenditures, seeking grants or loans, and/or utilizing fund balance that has accumulated over the past few years.

The list of as yet unfunded items (and their estimated costs) included:

- Completion of the third floor courtroom (\$28,000 - \$30,000)
 - Would utilize Court Enhancement Funds absorbed by the General Fund in prior years. Judge Dwyer will create a spreadsheet to detail those funds.
- Upgrade of the Gulch septic system, including road repairs (\$45,000)
- Hampshire Avenue water line replacement (\$7,800 - \$23,000)
 - Ms. Gallagher said that Mr. Dement has estimated that the cost, if tying into the existing fire line, would be \$7,800. If replacing the water line and

leaving the fire line intact, he estimated it would cost \$23,000. There was discussion regarding the pros and cons of each method. No decision was reached. Mr. MacVittie will be consulted in this regard.

- Installation of new furnace for rental spaces at Town Hall (\$9,500)
 - Ms. Shemaitis explained that, currently, the furnace is located near the Jerome Humane Society (JHS) but it also covers three offices on the first floor. The thermostat is in the office furthest away from the JHS, so it is hard to regulate temperatures in any of the areas. By separating the furnace by the JHS and installing a new one for the offices, it should make our heating more efficient.
- Repairs to redstone and drystack walls (\$8,000 - \$10,000)
 - Ms. Gallagher explained that these repairs should be made in conjunction with work on the leaning wall and horseshoe pits. This work was not part of the grant that was received for that project.
- Repairs/realignment of sewer plant road (no estimate available yet)
- Street signs at four locations (\$1,000)
- Various sewer line replacements/maintenance (\$25,000)
- JFD additional staff member (\$17,000)
- P&Z part time assistance (\$2,000 - \$6,000)
- Payscale software (\$3,820/year)
 - Ms. Cretti withdrew her request for this software.

The total cost of all projects listed came to between \$147,000 and \$170,000.

Regarding fund balance, Ms. Gallagher reviewed a memo she had prepared for this meeting, which stated:

"Fund balance is primarily surplus created by an excess of revenues over expenditures in any given year. Each year, any excess of revenues over expenditures is added to the fund balance, or any deficit is subtracted from it. **At 6/30/06 the Town's general fund was in DEFICIT at negative \$38,494. At 6/30/09, our general fund balance was \$165,395. In the five years since, it has grown to \$565,334 at 6/30/13.** Of that amount, \$556,886 is considered 'unrestricted,' that is, available for any use. Last year, we budgeted the use of \$60,000 of that balance in this fiscal year, and it now appears that we will only need to utilize about \$30,000. That would reduce the unrestricted fund balance going into 2014-15 to \$526,886."

Ms. Cretti had provided a packet of information regarding fund balance policies, along with sample policies. Ms. Gallagher commended Ms. Cretti for her work on this, and recommended that the Town implement such a policy in conjunction with preparation of this year's budget.

It was noted that some sample policies call for retention of at least 10% of the budget, which in our case would be around \$150,000. Ms. Gallagher noted that our fund balance at present represents about 38% of the general fund balance, so she would suggest retaining more than 10%. Councilmember Bassett suggested 20%. Vice Mayor Currier said that Council needs to look at the economy – it is sluggish right now so we should be cautious. Mayor Check pointed out that, if we were to do everything on the list, we would still have close to \$300,000 remaining in fund balance, which is good.

Ms. Cretti noted that court enhancement funds should be included in the "restricted," rather than "unrestricted" fund balance. She will ask the auditors about that.

	<p><i>After discussion, it was generally agreed that Ms. Gallagher would add the following to the budget, funded by the use of fund balance: repairs to the redstone and drystack walls; new furnace for rental spaces at Town Hall; Gulch septic system project; completion of third floor courtroom; Hampshire Avenue water line work; and street signs. In addition, \$25,000 will be included in the contingency budget for various sewer line repairs if needed.</i></p> <p><i>Not yet added, and subject to further discussion, were the additional staff member requested by Chief Blair and part-time assistance requested by the Zoning Administrator.</i></p> <p><i>Ms. Bassett asked when the repairs would be made to the sewer plant road. Ms. Gallagher noted that Mr. MacVittie has said that it would be okay to do that next year.</i></p> <p><i>Mr. Phinney commented that the townspeople are pleased with the capital improvements that have been completed. Ms. Bassett agreed. Ms. Gallagher noted that it has all been accomplished while increasing the fund balance.</i></p> <p><i>After discussion, it was decided that the next budget meeting would be held on June 18 at 6:00 p.m. Discussion will include salaries, Planning & Zoning, and Properties.</i></p>
ITEM #5:	<p>ADJOURNMENT</p> <p><i>Upon motion by Councilmember Bassett seconded by Vice Mayor Currier and unanimously approved, the meeting was adjourned at 4:45 p.m.</i></p>

Edited by Town Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Rosemarie Shemaitis.

APPROVE:

ATTEST:

Nikki Check, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____